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November 9, 2005

TO: Executive Committee

FROM: Dianne Steinhauser, Executive Director

RE: Strategic Plan – Policies & Process – Agenda Item 3

Executive Summary

The upcoming adoption of the 2006 Measure A Strategic Plan will assign estimated available sales tax revenues to the Measure A strategies and substrategies as adopted by voters in the Measure A Expenditure Plan. Since May of 2005, the Executive Committee has reviewed and provided direction on various financial assumptions, to be incorporated into the Strategic Plan. At its October meeting, the Executive Committee began discussion of a number of overall Guiding Principles that reflect the spirit and direction provided in the voter approved Expenditure Plan. Responding to feedback, staff returns with revised Guiding Principles as well as individual policies and procedures under those Guiding Principles which will guide both TAM and its sponsors on the management and use of Measure A funds. Finally, TAM staff will be presenting a revised Strategic Plan schedule reflecting the schedule of key elements to the Plan. **Recommendation: The Executive Committee is asked review and provide feedback on the updated Guiding Principles, the Policies and Procedures to be included in the draft Strategic Plan, and the Strategic Plan adoption schedule. (Note: Schedule to be provided at the Executive Committee meeting).**

Background

The Measure A Expenditure Plan approved by the voters in November 2004 commits \$331.6 million in local transportation sales tax revenue amongst a number of eligible strategies. It does not provide any guidance as to the *timing* of allocation of those revenues over the 20-year life of the Expenditure Plan. Establishing the timing of allocation amounts and deciding on funding priority among projects are the crucially important functions of the Measure A Strategic Plan.

The Strategic Plan provides the overall roadmap for the programming of Measure A funds, as well as the financial structure for the management of Measure A revenue. The Strategic Plan is a programming document that must reconcile the timing of expected revenues with the schedule for when those revenues are needed in order for sponsors to be able to deliver projects

Making the Most of Marin County Transportation Dollars

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Guiding Principles, to be included in the plan, carry out the intent of the Sales Tax Expenditure Plan and will guide the Strategic Plan policies and programming recommendations. Last month, the Executive Committee participated in a discussion of a broad framework of Guiding Principles under which the programming, allocation, and management of Measure A funds will be carried out. This month, the Executive Committee is asked to provide feedback and make recommendations on specific policies and procedures which will provide guidance to both TAM and project sponsors on the use and management of Measure A funds, in the context of the Guiding Principles.

Guiding Principles

During the development of the Expenditure Plan, and as evidenced in the final Expenditure Plan adopted by voters, a number of themes on how the sales tax funds should be spent emerged. The Expenditure Plan references these key themes:

- “This plan is intended to provide a high degree of accountability...”
- “This plan....maintains the flexibility needed to respond to emerging transportation issues...”
- “This source...opens new opportunities to compete for state and federal grants...”
- “The specific investment choices made in each implementation strategy will be based on measurable benchmarks and performance criteria...”
- “The plan...is designed to protect the environment and quality of life enjoyed in Marin County”
- “The plan is guided by principles that ensure that the revenue generated...is spent in the most efficient and effective manner possible...”

Staff have developed a number of Guiding Principles that reflect these key themes from the Expenditure Plan. Last month, the Executive Committee provided feedback on the Guiding Principles. Incorporating comments received, the following Guiding Principles are recommended:

1. Distribute funds equitably throughout the County;
2. Maximize leveraging of outside fund sources;
3. Maximize the cost effective use of sales tax dollars;
4. Support timely and cost-effective project delivery, ensuring all strategies progress toward measurable improvements; and
5. Promote high environmental and conservation awareness.

These Guiding Principles are the broad categories under which specific policies and procedures are being developed, guiding the actions of TAM and project sponsors. These specific policies and procedures are further discussed below.

Policies and Procedures

The Strategic Plan will include the following policies and procedures for the use and management of Measure A funds. From these policies and procedures, funding agreements

will be developed between TAM and sponsors claiming Measure A funds. The policies are presented within the framework of the Guiding Principles. Financial policies, related to maximizing the cost effective use of sales tax dollars, will be presented separately to the Executive Committee.

Distribute funds equitably throughout the County.

- Eligible project types and sponsors are to be as identified in the Expenditure Plan.
- Any new project types and sponsors would need to be identified through an Expenditure Plan amendment.
- The Strategic Plan shall reflect the need to implement all of the Expenditure Plan strategies as soon as is feasible, providing a balanced approach to enhancing mobility

Maximize leveraging of outside fund sources.

- Measure A funds shall not substitute for another fund source that has been programmed or allocated previously to the project or program.
- Measure A funds will be allocated to projects emphasizing the leveraging of other fund sources. The sponsor will provide certification as part of the allocation request that all complementary fund sources are committed to the project. Funding is considered "committed" if it is included specifically in a programming document adopted by the governing board responsible for the administration of the funding and recognized by TAM as available to the project at the time the funds are needed.
- Other fund sources committed to the project or program shall be used in conjunction with Measure A funds. To the maximum extent practicable, other fund sources shall be spent down prior to Measure A funds. Otherwise, Measure A funds are to be spent down at a relatively proportional rate to the Measure A share of the total funds programmed to that project phase or program.
- In programming and allocating funds, TAM will take into consideration the need for Measure A funds to be available to match federal, state, or regional fund sources for the project or program requesting the allocation, or for other projects and programs in the Strategic Plan.
- Projects or programs with complementary fund sources will be given priority for allocation if there are timely use of funds requirements outside of the Authority's jurisdiction applied to the other fund sources.

Support timely and cost-effective project delivery, ensuring all strategies progress toward measurable improvements.

- Measure A funds shall be allocated one phase at a time to capital projects, based on demonstrated readiness to begin the work. This does not apply to annual allocations to Local Roads. Exceptions will be considered on a case-by-case basis. Phases eligible for an allocation:

Planning/Conceptual Engineering
Preliminary Engineering/Environmental Studies
Design Engineering
Right of Way Support/Acquisition
Construction
Procurement

- Allocations of Measure A funds shall be based on an application package prepared and submitted by the lead agency for the program or project. The package will be in accordance with application guidelines adopted by TAM.
- All distributions of Measure A funds are to be governed by a funding agreement between TAM and the sponsoring agency.
- All funding agreements will document, scope, cost, schedule of work, funding plan, deliverable product, and adherence to performance measures and reporting requirements.
- Project phases for which Measure A funds shall be allocated shall be expected to result in a complete work product or deliverable, as spelled out in the funding agreement.
- Measure A funds shall be allocated to phases of a project or to a program based on demonstrated readiness to begin the work and ability to complete the project phase. Any impediments to completing the phase will be taken into consideration at the time of allocation, including any pending or threatened litigation. TAM will take into consideration any uncompleted elements of the previous phase of work prior to allocating to the next phase.
- Timely use of funds requirements will be specified in each funding agreement. Timely use of funds requirements will be applied in order to avoid situations where Measure A funds sit unused for prolonged periods of time, especially when TAM is issuing debt in order to implement a strategy. On the occasion of each Strategic Plan update, TAM will take into consideration the ability of sponsors to deliver their committed projects and programs when TAM updates the programming of funds.
- After a multi-year allocation has been made to a project, the release of funds in any subsequent year will be subject to the submittal and acceptance by TAM's Executive Director of a complete progress report, meeting the requirements of the funding agreement. Progress reports shall also provide information on compliance with established performance measures.
- Under a multi-year allocation of funds, prior to subsequent year funds being made available, TAM will take into consideration any unused funds from the previous fiscal year.
- Audit requirements shall be specified in each funding agreement.
- Measure A funds shall be expended in accordance with the applicable provisions of the Expenditure Plan and the Public Utilities Code Section 180000 et seq.
- All costs must be directly related to the project or program.
- Retroactive expenses are ineligible. No expenses shall be reimbursed that are incurred prior to TAM Board approval of the sales tax allocation for a particular project or program. TAM shall not reimburse expenses incurred prior to fully executing a Funding Agreement.
- Project sponsors shall provide signage at construction sites for projects funded partially or wholly by Measure A sales tax revenue to inform public how funds are being used. Signage specifications shall be provided by TAM to the sponsor.
- Project cancellation will require repayment of all unexpended Measure A funds determined by audit not to have been expended as provided for in the funding agreement.

Promote high environmental and conservation awareness.

- Measure A allocations for right of way capital and construction will be contingent on a completed environmental document. Consideration will be given to right of way acquisition prior to environmental clearance to respond to owner hardship or to address potential significant cost increases due to impending development of the site.
- Project sponsors shall conduct project site work in a manner that minimizes disruptions to the public, and in accordance with all project environmental documentation and permitting requirements.
- It is imperative to the success of Measure A that project and program sponsors work with TAM representatives in a cooperative fashion. It is imperative that project and program sponsors keep TAM apprised of significant issues affecting the delivery of the project or costs. Particular attention shall also be paid to any unforeseen impact on local traffic circulation, bike and pedestrian safety and accommodation, and the environment.

Schedule for Strategic Plan Adoption

(To be provided at Executive Committee meeting.)

Staff continues to monitor the scheduled adoption date by MCTD on the Short Range Transit Plan and is working with the TAC and the MPWA to reach agreement on Major Road projects to be prioritized for funding in the Plan. An updated schedule will be presented at the Executive Committee meeting

Recommendation

That the Executive Committee review and provide feedback: 1) with the updated Guiding Principles and the Policies and Procedures to be included in the draft Strategic Plan, and 2) the Revised Strategic Plan Development Schedule.